uPHONGOLO MUNICIPALITY
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uPHONGOLO MUNICIPALITY
GENERAL INFORMATION

MEMBERS OF THE uPHONGOLO MUNICIPALITY EXECUTIVE COMMI

Councillor B J Mncwango (Chairman)	Honourable Mayor
Councillor S W van der Merwe	Honourable Deputy Mayor
Councillor S V Dlamini (Ex officio)	Honourable Speaker
Councillor K E Thabede	
Councillor B Mvelase	

MEMBERS OF THE uPHONGOLO MUNICIPALITY COUNCIL

Councillor J P Ngwenya
Councillor M L Sibiya
Councillor M M Mtungwa
Councillor M B Mavinbela
Councillor C I Mathebula
Councillor A S Mafuleka
Councillor M J Dlamini
Councillor M G Mathabela
Councillor Z L Nxumalo
Councillor A Z Thabede
Councillor S V Nkosi
Councillor M B Makhoba
Councillor M E Dlamini
Councillor B C Nhlabathi
Councillor K J Shabangu
Councillor N P Mavuso
Councillor J C Theron

GRADING OF THE LOCAL AUTHORITY

Grade 4

AUDITORS

Office of the Auditor-General

BANKERS

First National Bank of South Africa (Primary bank account)
ABSA

REGISTERED OFFICE

Municipal Office	P O Box 191	Telephone:	(034) 413 1223
61 Martin Street	Pongola	Facsimile:	(034) 413 1706
Pongola	3170	e-mail	pongolatlc@pga.dorea.co.za

GENERAL INFORMATION (continue)

MUNICIPAL MANAGER

F Jardim (Mrs)

CHIEF FINANCIAL OFFICER

JC Van Tonder (Mrs)

APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements set out on pages 14 to 28 were approved by the Municipal Manager on 31 October 2008 and will be presented to Council during November 2008

MUNICIPAL MANAGER **CHIEF FINANCIAL OFFICER**

uPHONGOLO MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

TREASURER'S REPORT

1 OPERATING RESULTS

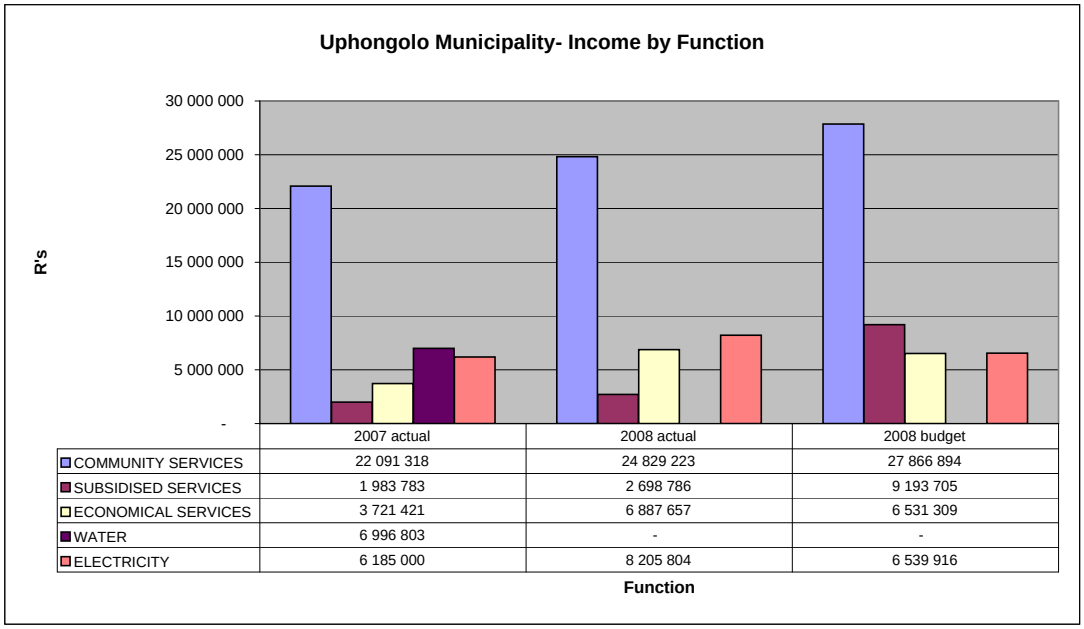
Details of the operating results per department, classification and object of expenditure are included in appendices D and E. The overall operating results for the year ended 30 June 2008 are as follows:

TOTAL OF ALL SERVICES

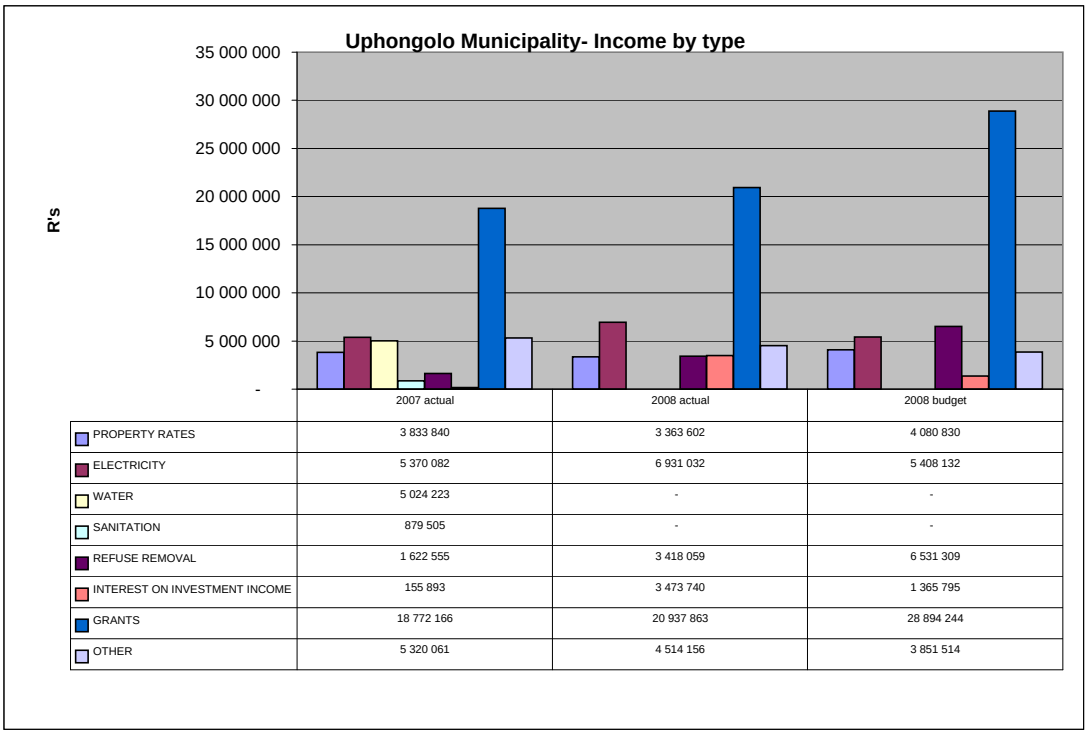
	ACTUAL 2007	ACTUAL 2008	VARIANCE 2007/2008	BUDGET 2008	VARIANCE ACTUAL/BUDGET
INCOME	**R**	**R**	**%**	**R**	**%**
Opening Surplus	5 901 979	3 884 564	-34.18%		
Sundry transfers	-	-			
Operating Income for the year	38 666 350	42 621 470	10.23%	50 131 823	-14.98%
	44 568 329	**46 506 034**		**50 131 823**	
EXPENDITURE					
Operating Expenditure for the year	37 129 343	45 354 681	22.15%	50 131 823	-9.53%
Sundry transfers	1 537 007	(90 223)	-105.87%		
Closing surplus/(deficit)	5 901 979	1 241 575	-78.96%	-	
	44 568 329	**46 506 032**		**50 131 823**	

0

	ACTUAL 2007	ACTUAL 2008	VARIANCE 2007/2008	BUDGET 2008	VARIANCE ACTUAL/BUDGET
INCOME PER FUNCTION					
COMMUNITY SERVICES	22 091 318	24 829 223	12.39%	27 866 894	-10.90%
SUBSIDISED SERVICES	1 983 783	2 698 786	36.04%	9 193 705	-70.65%
ECONOMICAL SERVICES	3 721 421	6 887 657	85.08%	6 531 309	5.46%
TOTAL GENERAL SERVICES	**27 796 522**	**34 415 666**	23.81%	**43 591 907**	-21.05%
WATER	6 996 803	-	-100.00%	0	
ELECTRICITY	6 185 000	8 205 804	32.67%	6 539 916	25.47%
TOTAL TRADING SERVICES	**13 181 803**	**8 205 804**	-37.75%	**6 539 916**	25.47%
TOTAL AS PER FUNCTION	**40 978 325**	**42 621 470**	4.01%	**50 131 823**	-14.98%

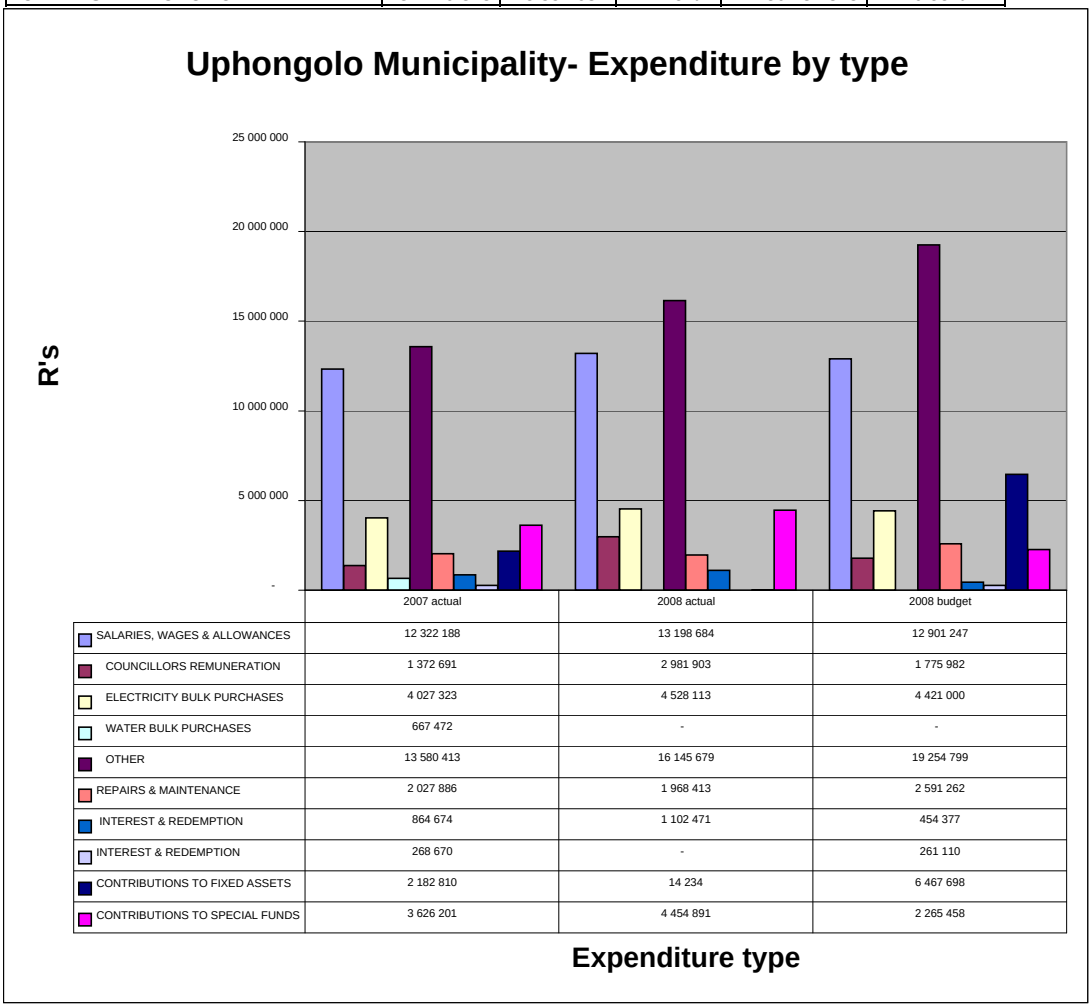


	ACTUAL 2007	ACTUAL 2008	VARIANCE 2007/2008	BUDGET 2008	VARIANCE ACTUAL/BUDGET
OPERATING INCOME PER CATEGORY					
PROPERTY RATES	3 833 840	3 363 602	-12.27%	4 080 830	-17.58%
ELECTRICITY	5 370 082	6 931 032	29.07%	5 408 132	28.16%
WATER	5 024 223	-	-100.00%	-	
SANITATION	879 505	-	-100.00%	-	
REFUSE REMOVAL	1 622 555	3 418 059	110.66%	6 531 309	-47.67%
INTEREST ON INVESTMENT INCOME	155 893	3 473 740	2128.28%	1 365 795	154.34%
GRANTS	18 772 166	20 937 863	11.54%	28 894 244	-27.54%
OTHER	5 320 061	4 514 156	-15.15%	3 851 514	17.20%
TOTAL	**40 978 325**	**42 638 453**	4.05%	**50 131 823**	-14.95%

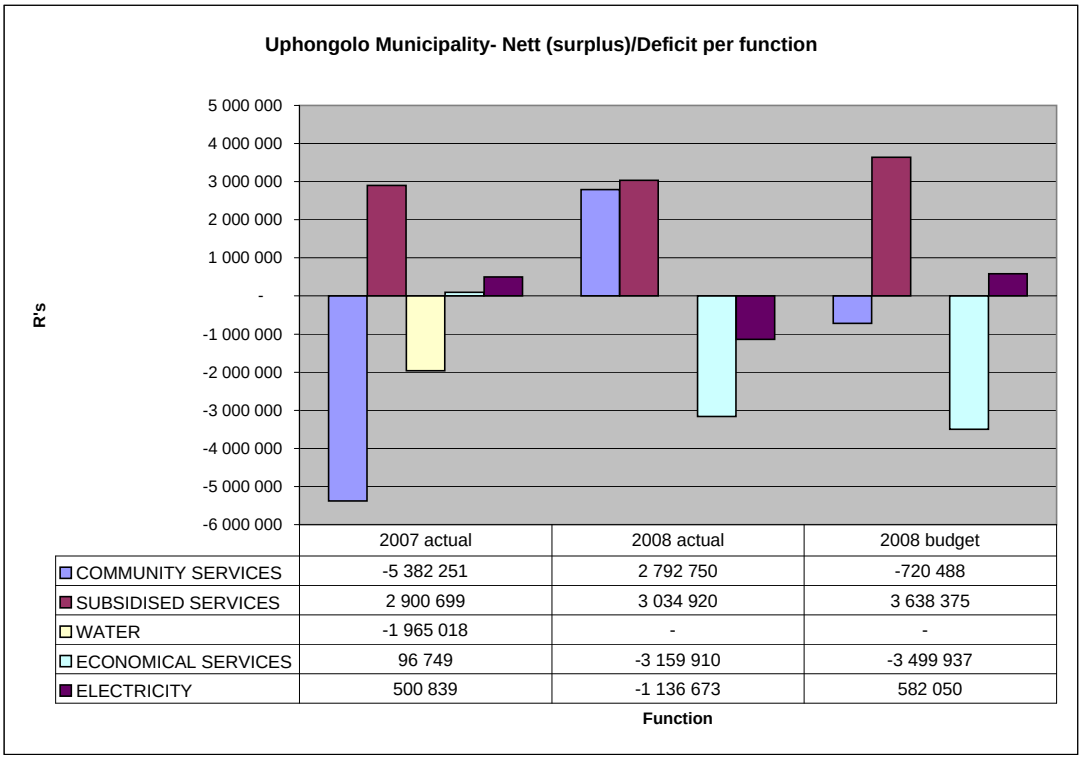


	2007 actual	2008 actual	2008 budget
PROPERTY RATES	3 833 840	3 363 602	4 080 830
ELECTRICITY	5 370 082	6 931 032	5 408 132
WATER	5 024 223	-	-
SANITATION	879 505	-	-
REFUSE REMOVAL	1 622 555	3 418 059	6 531 309
INTEREST ON INVESTMENT INCOME	155 893	3 473 740	1 365 795
GRANTS	18 772 166	20 937 863	28 894 244
OTHER	5 320 061	4 514 156	3 851 514

	ACTUAL 2007	ACTUAL 2008	VARIANCE 2007/2008	BUDGET 2008	VARIANCE ACTUAL/BUDGET
EXPENDITURE PER FUNCTION					
COMMUNITY SERVICES	16 709 067	28 627 586	71.33%	27 146 406	5.46%
SUBSIDISED SERVICES	4 884 482	5 856 612	19.90%	12 832 080	-54.36%
ECONOMICAL SERVICES	3 818 170	3 727 747	-2.37%	3 031 371	22.97%
TOTAL GENERAL SERVICES	**25 411 719**	**38 211 945**	50.37%	**43 009 857**	-11.16%
WATER	5 031 785	-	-100.00%		
ELECTRICITY	6 685 839	7 142 736	6.83%	7 121 966	0.29%
TOTAL TRADING SERVICES	**11 717 624**	**7 142 736**	-39.04%	**7 121 966**	0.29%
TOTAL AS PER FUNCTION	**37 129 343**	**45 354 681**	22.15%	**50 131 823**	-9.53%


Uphongolo Municipality- Expenditure by type
R's
25 000 000
20 000 000
15 000 000
10 000 000
5 000 000
-
2007 actual
2008 actual
2008 budget
SALARIES, WAGES & ALLOWANCES 12 322 188 13 198 684 12 901 247
COUNCILLORS REMUNERATION 1 372 691 2 981 903 1 775 982
ELECTRICITY BULK PURCHASES 4 027 323 4 528 113 4 421 000
WATER BULK PURCHASES 667 472 - -
OTHER 13 580 413 16 145 679 19 254 799
REPAIRS & MAINTENANCE 2 027 886 1 968 413 2 591 262
INTEREST & REDEMPTION 864 674 1 102 471 454 377
INTEREST & REDEMPTION 268 670 - 261 110
CONTRIBUTIONS TO FIXED ASSETS 2 182 810 14 234 6 467 698
CONTRIBUTIONS TO SPECIAL FUNDS 3 626 201 4 454 891 2 265 458
Expenditure type

	ACTUAL 2007	ACTUAL 2008	VARIANCE 2007/2008	BUDGET 2008	VARIANCE ACTUAL/BUDGET
OPERATING EXPENDITURE					
SALARIES, WAGES & ALLOWANCES	12 322 188	13 198 684	**7.11%**	12 901 247	2.31%
GENERAL EXPENDITURE					
COUNCILLORS REMUNERATION	1 372 691	2 981 903	**117.23%**	1 775 982	67.90%
ELECTRICITY BULK PURCHASES	4 027 323	4 542 993	12.80%	4 421 000	2.76%
WATER BULK PURCHASES	667 472	-	-100.00%	-	
OTHER	13 580 413	16 789 173	23.63%	19 254 799	-12.81%
REPAIRS & MAINTENANCE	2 027 886	2 309 239	13.87%	2 591 262	-10.88%
CAPITAL CHARGES					
INTEREST & REDEMPTION	864 674	1 102 471	27.50%	454 377	142.63%
INTEREST & REDEMPTION	268 670	-	0.00%	-	
CONTRIBUTIONS TO FIXED ASSETS	2 182 810	14 235	**-99.35%**	6 467 698	-99.78%
CONTRIBUTIONS TO SPECIAL FUNDS	3 626 201	4 432 967	22.25%	2 265 458	95.68%
TOTAL GROSS BUDGET EXPENDITURE	40 940 328	45 371 664	10.82%	50 131 823	-9.50%
LESS AMOUNTS REALLOCATED	3 810 985	-	-100.00%	-	
TOTAL: NET BUDGET EXPENDITURE	**37 129 343**	**45 371 664**	**22.20%**	**50 131 823**	-9.50%



	ACTUAL 2007	ACTUAL 2008	VARIANCE 2007/2008	BUDGET 2008	VARIANCE ACTUAL/BUDGET
(SURPLUS)/DEFICIT PER FUNCTION					
COMMUNITY SERVICES	(5 382 251)	3 798 363	-170.57%	(720 488)	-627.19%
SUBSIDISED SERVICES	2 900 699	3 157 826	8.86%	3 638 375	-13.21%
ECONOMICAL SERVICES	96 749	(3 159 910)	-3366.09%	(3 499 937)	-9.72%
TOTAL GENERAL SERVICES	**(2 384 803)**	**3 796 279**	-259.19%	**(582 050)**	-752.23%
WATER	(1 965 018)	-	-100.00%	-	
ELECTRICITY	500 839	(1 063 069)	-312.26%	582 050	-282.64%
TOTAL TRADING SERVICES	**(1 464 179)**	**(1 063 069)**	-27.39%	**582 050**	-282.64%
TOTAL AS PER FUNCTION	**(3 848 982)**	**2 733 211**	-171.01%	**(0)**	

The Total income is 4.6% more than the previous year, due to various reasons, but mainly due to the increase in the equitable share allocation

Actual expenditure increased marginally, in spite of the increase in Councillor allowances and increases to special funds.
The reduced financing of assets from revenue was due to cash flow reasons- (see increase in debtors).

The current nett loss was due to various projects approved due the necessity thereof which was not provided for in the budget. The accumulated nett results however still reflect favourably

2 CAPITAL EXPENDITURE AND FINANCING

Expenditure on Fixed assets during the year amounted to 7 367 203
Expenditure on Infrastructure amounted to 7 272 924
This was funded from Municipal Infrastructure Grants/
A summary of capital outlay per function is as follows:

	ACTUAL 2007	ACTUAL 2008	BUDGET 2008
	R	R	R
COMMUNITY SERVICES	4 994 118	7 367 203	6 209 698
SUBSIDISED SERVICES	112 623	-	-
ECONOMICAL SERVICES	83 888	-	158 000
TOTAL GENERAL SERVICES	**5 190 629**	**7 367 203**	**6 367 698**
WATER	1 132 987	-	-
ELECTRICITY	196 909	-	-
TOTAL TRADING SERVICES	**1 329 896**	**-**	**-**
PUBLIC IMPROVEMENT FUND	107 161	-	-
TOTAL AS PER FUNCTION	**6 627 686**	**7 367 203**	**6 367 698**

Resources used to finance the fixed assets were as follows:

Contribution from revenue	2 182 810	14 235	6 367 698
Grants	73 500	7 352 968	3 025 544
External Loans	2 870 468		
Internal Advances	1 191 507	-	-
Other Sources	309 401	-	
	6 627 686	**7 367 203**	**9 393 242**

A complete analysis of capital expenditure (Budget and actual) per department, classification or service is included in appendix C.

3 EXTERNAL LOANS, INVESTMENTS AND CASH.

External Loans
External loans outstanding on 30 June 2008 amount to R 3,377028.40 as set out in appendix B. There were no new loans taken during the period.

Investments and cash

Investments decreased from 4827653 to 3 363 454
The results for the year- nett deficit, had an impact on the cash reserves.

4 FUNDS, RESERVES AND PROVISIONS

The movement regarding statutory funds, reserves and provisions is disclosed in the notes and Appendix A to the financial statements.

Funds and Reserves

- Statutory Funds
  This Funds represents Capital Development Fund and the Public Improvement Fund. Appendix A represents the detail thereof. The value of the Fund R 16 564 45.75 (See also note 27.) Apart from the interest earned on internal advances for the CDF, other movements represent reclassifications of prior year balances.

- Trust Funds

  Expenditure represent the Low-cost Housing Project which was temporarily utilised to proceed with this Housing Project and Council is liaising with the Department of Housing to retrieve the amount of R 3,262 979. (See notes to the Financial Statement No. 28.) Additional expenditure incurred during 2007/08 amounted to R213 907.

- Reserves

  The detail thereof can be viewed in Appendix A of the statement to the value of R7 102 352.85

5 ACCUMULATED SURPLUS

The detail thereof can be viewed in the Income Statement and it can be mentioned that although the transactions for the year represent a deficit to the amount of R2 642 987.83(including prior year approp), the accumulated surplus ends on R 1 241 574.77

7 CONSUMER DEPOSITS

The Consumer Deposits decreased in view of the Water and Sewer Services being managed by Zululand District Municipality

8 FIXED ASSETS

Total fixed assets have increased with. R7 367 204.29

9 LONG TERM DEBTORS

The Balance of R11145.33 represents amounts outstanding regards various sites purchased.

The policy for sale of erven is as follows: Deposit paid on the cost, and then the balance upon registration.

10 DEBTORS

A stricter control will be introduced regarding debt collection and credit control management. Furthermore, Council approved the right off of outstanding debts where it was incorrectly raised and is unrecoverable in the previous financial year which has only been effected in 2007/08

11 CURRENT LIABILITIES

- Provisions

  The amount of R 695 615.20 represent the accumulated leave which is based on the leave availability of all staff members as at 30 June 2008.

- Creditors

  The amount of R3 138 077.22 represent Trade Creditors and VAT and various miscellaneous creditors. (See note 12 to the Financial Statements.)

- Bank overdraft

  Theoretically, the bank is not in overdraft .The outstanding cheques in favour of suppliers amounted to of R 1,358 604. on 30 June 2008.

  FNB is the main account. Dec 2000

  ABSA is the support account for bond registration. Jul 2004

12 SURETY DEPOSITS

The following surety deposits are held in the name of uPhongolo Municipality:

- ESCOM deposits

12 COUNCILLORS REMUNERATION

Not 14 to the Financial Statements represents the detail as referred to in the circular and in addition to the expenditure Appendix D includes other expenditure which is directly related to Councillors Remuneration.

13 STATISTICS (refer app F)

This represent the following: Property Rates Valuation, Building Statistics, Earth Information and Electrical kilowatt Usage.

14 APPRECIATION

I would like to thank the Mayor, the deputy Mayor, Speaker, the Chairman and Members of the executive Committee, and other Councillors, the Municipal Manager and Departmental Heads for the support they have given me and my personnel during the year. A special word of thanks to the Department of Traditional and Local Government Affairs, the consultants and personnel of the Finance Department for their loyalty and commitment in preparing the financial accounts of our municipality.

J C Van Tonder

Chief Financial Officer

31 October 2008

uPHONGOLO MUNICIPALITY
Accounting Policies

1. Basis of Presentation

1.1 These financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Treasurers and Accountants in its Code of Practice (1992) and the Report on the Standardization of of Financial Statements of Local Authorities (4th Edition, as amended).

1.2 The accounting policies are consistent with those of the previous year in all material respects, except where otherwise stated.

1.3 The financial statements are prepared on the historical cost basis, adjusted for capital expenditure as more fully detailed in paragraph three below.

1.4 The financial statements are prepared on the accrual basis :

- Income is accrued when collectable and measurable. Certain direct income is accrued when received, such as traffic fines and certain licences.

- Expenditure is accrued in the year it is incurred.

2. Consolidation

The balance sheet includes General Services, the Electricity Service, the various funds, reserves and provisions. All inter-departmental transactions have been offset against each other.

3. Fixed Assets

3.1 Fixed Assets are stated :

- at historical cost, or
- at valuation (based on the market price at the date of acquisition), where assets have been acquired by grant or donation.
- while in existence or fit for use.

3.2 Depreciation
Fixed Assets are not depreciated although the amount of "Loans Redeemed and Other Capital Receipts" . in the notes to the balance sheet is tantamount to a provision for depreciation

3.3 All net proceeds from the sale of vacant fixed property are credited to the Public Improvement Fund. Net proceeds from the sale of all other assets are credited to the Capital Development Fund.

3.4 Capital assets are financed from different sources, including external loans, operating income, endowments and internal advances. These loans and advances are repaid within the estimated life of the assets so acquired. Interest is charged to the service at the ruling interest rate applicable at the time that the advance is made.

3.5 Capital equipment acquired by way of finance lease is brought into the accounting records as fixed assets which have been financed by long-term liabilities.

3.6 Assets are written off with the express and prior approval of the Council only.

4. Inventory

No stock is currently on hand in view that expenditure is directly allocated to each and every department when incurred.

5. Funds, Reserves and Provisions

5.1 Capital Development Fund

The Natal Ordinance No. 25 of 1974, Section 103(9), requires a minimum contribution of 3 per cent of the defined income of a municipality, in this case rounded off to the nearest ten Rand. The Fund is used to finance capital expenditure, and the surplus funds are invested. No contribution has been made to the Capital Development Fund, since exemption for contribution has been in terms of Section 103(9) (b) (i) of the Local Authorities Ordinance of Kwazulu Natal, No 25 of 1974.

5.2 Public Improvement Fund

The Public Improvement Fund provides funding for future township development. All development costs as defined in section 103 (3)(d) of the Local Government Ordinance, Natal, No.25 of 1974, are debited against the fund.
All proceeds from the sale of developed land are credited as income for the fund.
The Fund is used to finance capital expenditure, and the surplus funds are invested. There is, however, a proviso as to what type of asset may be funded from this Fund.

5.3 Trust Funds

The amounts reflected as Trust Funds are the unspent portion of grants received from various Departments. The purpose of these grants is either for capital operating nature.

5.4 Reserves

The amounts reflected as Reserves are provisions made from grant funding for expenditure related to conditional predetermined projects and may be of capital or operational nature as stipulated in the memorandum of agreement, and of which the amount is unknown and the service still to be rendered.

5.5 Provisions

Leave: A provision actual to the leave credit as at year end is maintained to provide for leave payments on termination of service or on request. The provision is funded by contributions from operating expenditure.

Bad Debts: A provision equal to the outstanding consumer debtors for 90 days and longer is maintained for bad debts. Contributions are made from accumulated funds or operating expenditure, depending on the availability of previous years- or current year surpluses. The provision does not include amounts outstanding regarding rates, however an amount amounting to R1.8million has been included in the provision for the write off of indigent debtors accounts.

6. Retirement Benefits

All employees, with the exception of the Contract employees, contribute to various pension funds as listed in note 23
A full actuarial valuation is conducted by the funds actuaries every three years. These funds are presently in a stable financial position. An interim valuation was conducted as at 31 March 2004. The last full valuations was in March 2002.
The retirement benefit plan is subject to the rules and regulations prescribed by the Local Government Superannuation Ordinance,1973 (Ordinance No. 24 of 1973) and in accordance with the requirements of the Pensions Fund Act, 1956. Current contributions are charged against operating income on the basis of current service costs.
Councillors may join the Councillors Pension Fund, which is managed in accordance with the Pensions Fund Act, 1956.

7. Investments

Investments are shown at cost and are in securities prescribed in Section 125 of Natal ordinance No. 25 of 1974. They are considered to be risk-free.
Investments are shown at the lower of cost or market value if a permanent decline in the value occurred, and are invested in securities as prescribed by section 125 of the Local Authorities Ordinance, 1974 (Ordinance No. 25 of and section 10G(9) of the Local Government Transition Act, 1993 (Act No. 209 of 1993).

8. Treatment of Administration and other Overhead Services

Any surplus or deficit arising from the operations of the Electricity services are included in the Accumulated Surplus Account for Rates and General Services. These accounts are however ring fenced and separate accounts are maintained.

9. Leased Assets

9.1 Fixed assets held under finance leases are capitalised. Such leases are effectively amortised over the term of the lease agreement. Lease finance charges are allocated to accounting periods over the duration of the leases, by the effective interest rate method, which reflects the extent and the cost of the lease finance utilised in each accounting period.

9.2 All other leases are treated as operating leases and the relevant rentals are charged to the operating account in a systematic manner related to the period of use of the asset concerned.

10. Income Recognition

10.1 Assessment rates are levied on land and buildings and are billed monthly in 10 equal instalments over the year.
10.2 Services are billed monthly. Any other income is by direct payment prior to service being rendered.

uPHONGOLO MUNICIPALITY

BALANCE SHEET AT 30 June 2008

	Note	June 2008 R	June 2007 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES		20 366 528	19 112 482
Statutory Funds	1	16 527 153	16 608 496
Trust Funds	2	(3 262 979)	(3 049 072)
Reserves	3	7 102 353	5 553 058
ACCUMULATED SURPLUS		1 241 575	3 884 564
LONG-TERM LIABILITIES	4	3 049 708	3 136 075
DEPOSITS	5	389 191	279 260
		25 047 001	26 412 381
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	6	14 614 765	14 798 368
LONG-TERM DEBTORS	8	11 145	36 154
NET CURRENT ASSETS/(LIABILITIES)		10 421 091	11 577 859
CURRENT ASSETS		15 449 623	15 583 788
Inventory	9	-	-
Short Term Investments	7	3 363 454	4 827 653
Debtors	10	12 063 922	10 732 606
Cash at Bank	22	22 247	23 529
CURRENT LIABILITIES		5 028 532	4 005 929
Provisions	11	695 615	635 558
Creditors	12	3 138 077	2 128 235
Loans - Short term portion	4	327 320	442 061
Bank overdraft	22	867 520	800 075
		25 047 001	26 412 381

uPHONGOLO MUNICIPALITY

INCOME STATEMENT FOR THE YEAR ENDED : 30 June 2008

2007 ACTUAL INCOME R	2007 ACTUAL EXPENDITURE R	2007 SURPLUS/ (DEFICIT) R		2008 ACTUAL INCOME R	2008 ACTUAL EXPENDITURE R	2008 SURPLUS/ (DEFICIT) R	2008 BUDGET SURPLUS/ (DEFICIT) R
32 349 908	26 182 428	6 167 480	**RATES AND GENERAL SERVICES**	34 415 666	38 211 945	(3 796 279)	582 050
27 204 969	18 895 836	8 309 133	**Community Services**	24 829 223	28 627 586	(3 798 363)	720 488
2 035 825	4 610 931	(2 575 106)	**Subsidised Services**	2 698 786	5 856 612	(3 157 826)	(3 638 375)
3 109 114	2 675 661	433 453	**Economic Services**	6 887 657	3 727 747	3 159 910	3 499 937
6 316 442	6 081 854	234 588	**TRADING SERVICES**	8 205 804	7 142 736	1 063 069	(582 050)
38 666 350	**32 264 282**	**6 402 068**	**TOTAL**	**42 621 470**	**45 354 681**	**-2 733 211**	**0**
				-	-		
		(8 419 483)	Appropriations for the year			90 223	
		(2 017 415)	Net deficit for the year			**(2 642 988)**	
		5 901 979	Accumulated surplus beginning of the year			3 884 563	
		3 884 564	Accumulated surplus end of the year			**1 241 575**	

uPHONGOLO MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	NOTE	2008 R	2007 R
CASH RETAINED FROM OPERATING ACTIVITIES			
		8 631 576	14 013 110
Cash utilised by operations	18	2 530 303	(2 626 081)
Investment Income		(609 308)	378 018
(Increase)/Decrease in Working Capital	19	(186 535)	7 986 085
		1 734 460	5 738 022
Less: External Interest paid		(455 850)	(465 012)
Cash utilised by operations		1 278 609	5 273 010
Proceeds on disposal of fixed assets		-	2 549 789
Other contributions from the Public and State		-	-
Capital contributions from the Public and State		7 352 967	6 190 311
CASH UTILISED IN INVESTING ACTIVITIES:			
Investments in Fixed Assets		(7 367 203)	(9 707 991)
Housing development for low income group			
NET CASH FLOW		**1 264 373**	**4 305 119**
CASH EFFECTS OF FINANCING ACTIVITIES			
(Decrease)/Increase in Long-term Loans	4	(201 109)	(2 048 073)
Decrease/(Increase) in Cash investments	19	1 464 199	(3 159 182)
Decrease/(Increase) in Cash	20	1 282	902 136
NET CASH GENERATED/(UTILISED)		**1 264 373**	**(4 305 119)**

uPHONGOLO MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008

		2008 R	2007 R
1	**STATUTORY FUNDS**		
	Consolidated Capital Development Fund	9 812 527	8 372 951
	Public Improvement Fund	6 714 627	8 235 545
	(See Appendix A for more detail)	16 527 153	16 608 496
2	**TRUST FUNDS**		
	Ncotshane Peoples Housing Project	(3 262 979)	(3 049 072)
	Traditional Affairs: Office furniture	-	-
	Agricultural Cluster LED	-	-
	(See Appendix A for more detail)	(3 262 979)	(3 049 072)
3	**RESERVES**		
	General		
	Uniforms for staff	10 412	(2 031)
	Insurance Reserve	200 114	200 114
		210 525	198 083
	Grants conditional		
	Water Meters	-	-
	Peace Initiative	-	-
	Land Use Management Plan	-	225 508
	Disaster Management Grant	-	-
	GIS Grant	-	-
	Performance Management Grant	27 788	19 536
	IDP Capacity Grant	16 858	16 858
	Ncotshane New Library	-	-
	MAP	438 430	1 762 299
	Financial Management Grant	289 784	508 170
	MFMA	139 996	145 000
	Develop Admin. Capacity	105 866	255 640
	Property Rates Implementation	1 250 804	279 923
	Inter Departmental Monitoring	-	61 167
	Pongolapoortdam Development	453 209	80 862
	Community Dev. Workers Grant	-	-
	DBSA Planning Grant	-	-
	Housing SP Community Gardens	101 761	103 242
	Planning & Development	88 611	88 611
	Municipal Financial Systems	-	184 868
	Municipal Infrastructure Grant	1 309 818	1 476 857
	Municipal Systems Improvement Grant	24 789	(3 564)
	Synergistic Partnership	392 644	
	Candover Tourism Center	798 355	
	Strategy Support	100 000	
	MCPD Grant	100 000	
	Vat Reserves Other	46 836	
	Vat Reserves MIG	1 018 209	
	Backlog Study Grant	90 070	
	Integration and Reds Grant	98 000	150 000
		6 891 828	5 354 976
	(See Appendix A for more detail)	7 102 353	5 553 058

uPHONGOLO MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008

			2008	2007
	(Notes continued)			
4	**LONG TERM LIABILITIES**			
	Annuity Loans		3 377 027	3 578 136
			3 377 027	3 578 136
	Less: Current portion transferred to current liabilities		327 320	442 061
	(See Appendix B for more detail)		3 049 708	3 136 075
5	**CONSUMER DEPOSITS**			
	Water Services		-	-
	Electricity Services		381 341	277 010
	Surety Deposit		2 250	2 250
	Municipal Buildings rent deposits		5 600	-
			389 191	279 260
6	**FIXED ASSETS**			
	Fixed assets at the beginning of the year		55 022 965	67 792 245
	Capital outlay during the year		7 367 203	9 707 991
			62 390 168	77 500 236
	Less:	Assets written off, transferred or	-	
		disposed of during the year	-	22 477 271
	Total fixed assets		62 390 168	55 022 965
	Less:	Loans redeemed and other capital receipts	47 775 403	40 224 598
	Nett fixed assets		14 614 765	14 798 367
	(See Appendix C for more detail)			
7	**INVESTMENTS**			
	Unlisted			
	Short term deposits		3 363 454	4 827 653
	Total Investments		3 363 454	4 827 653
	Management's valuation of unlisted investments		3 363 454	4 827 653
	Average gross rate of return on investments		5.70%	5.70%

Local authorities are required to invest funds which are not immediately required, with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment at a penalty rate to meet current commitments.

No investments have been written off during the year.

			2008	2007
	(Notes continued)			
8	**LONG TERM DEBTORS**			
	Sale of Erven: Pongola		11 145	-
		*	-	-
	Security Deposits		-	36 154
			11 145	36 154
	* Development costs transferred to Assets			
9	**INVENTORY**			
	Inventory represents consumable stores		-	-
	The municipality is currently not operating any stores, and all consumables are debited to the respective operating accounts when paid.			
10	**DEBTORS**			
	Consumers Debtors		23 308 078	20 146 652
	Debtors		23 308 078	9 554 409
	Refuse		-	9 360 994
	Sewerage		-	-
	Water		-	-
	Electricity		-	1 231 249
	Prepayment			-
	Other Current Debtors		922 732	2 850 302
	Billing Debtors		-	2 130 037
	Miscellaneous		922 732	12 195
	SARS - VAT		-	708 070
			24 230 810	22 996 954
	Less: Provision for bad Debt		12 166 888	12 264 348
			12 063 922	10 732 606
	Days outstanding in debtors amount to		610	468
11	**PROVISIONS**			
	Leave Pay		695 615	635 558
	(See Appendix B for more detail)		695 615	635 558
12	**CREDITORS**			
	Trade Creditors		1 362 380	827 433
	Retentions MIG		86 639	0
	Debtors Unclaimed Deposits		19 434	0
	Ncotshane hall deposit		800	
	SARS - VAT		1 668 825	1 300 802
			3 138 077	2 128 235
13	**ASSESSMENT RATES**			
	General rate (cents in Rand)			
	Land		0.15388	0.13451
	Improvements		0.00530	0.00463
	Property Valuation			
	Land		43 487 600	137 116 640
	Improvements		180 045 500	653 526 320
	Rates Income			
	General		3 363 602	4 244 861
	Assessment rates are based on the valuation rating system. Property valuations are done every 5 years. The last valuation came into effect on 1 July 1999. Exemption is approved pending the implementation of the Property Rates Act.			

(Notes continued)

		Numb	2008 Amount	2007
14	**COUNCILLORS REMUNERATION**			
	Mayor's Allowance	1	244 161	153 521
	Deputy Mayor's Allowances	1	195 329	110 205
	Speakers Allowances	1	195 329	122 233
	Executive Committee Allowances	2	366 242	146 028
	Councillor's Allowances	17	2 264 036	878 893
		22	3 265 097	1 410 880
15	**AUDITOR'S REMUNERATION**			
	Current Year		784 781	1 086 438
			784 781	1 086 438
16	**FINANCE TRANSACTIONS**			
	External Interest earned or paid			
	Interest Earned		3 473 740	378 018
	Interest Paid		599 567	625 419
	Capital charges debited to operating account			
	Interest			
	External		455 850	465 012
	Internal		143 716	160 407
	Redemption			-
	External		289 735	519 122
	Internal		183 603	327 320
			1 072 905	1 471 861
17	**APPROPRIATIONS**			
	Appropriation Account			
	Accumulated surplus at the beginning of the year		3 884 564	5 901 979
	Operating surplus (deficit) for the year		(2 733 211)	6 402 068
	Appropriations for the year		90 222	(8 419 483)
	Prior year adjustments		-	-
	Provision for Bad Debts		-	-
	Accumulated surplus/(deficit) at the end of the year		1 241 575	3 884 564
	Operating account			
	Capital Expenditure		14 235	105 529
	Contributions to Provisions		3 839 197	167 931
	Bad Debts		3 779 140	-
	Leave Payments		60 057	167 931
	Contributions to Capital Development Fund		-	-
	Contributions to Reserves		-	-
			3 853 432	273 460

(Notes continued)

		2008	2007
18	**CASH GENERATED BY OPERATIONS**		
	Surplus/(Deficit) for the year	(2 733 211)	6 402 068
	Previous years operating transactions	90 222	(8 419 483)
	Appropriations charged against income:	3 853 432	273 460
	Capital Development Fund	-	-
	Provisions and Reserves	3 839 197	167 931
	Fixed Assets	14 235	105 529
	Capital Charges	1 072 905	1 471 861
	Interest Paid		
	- Internal Funds	143 716	160 407
	- External Loans	455 850	465 012
	Redemption		
	- Internal Advances	183 603	327 320
	- External Loans	289 735	519 122
	Investment income (Operating Account)	(609 308)	(378 018)
	Internal Interest Transferred to operating Account	-	-
	Non-Operating Income		
	Statutory Funds	(143 716)	(300 556)
	Housing Operating Account	-	-
	Provisions & Reserves	11 550 787	10 896 373
	Non-Operating Expenditure		
	Funds, Reserves & Provisions	(10 550 808)	(12 571 786)
		2 530 303	(2 626 081)
19	**(INCREASE)/DECREASE IN WORKING CAPITAL**		
	(Increase)/Decrease in Inventory	-	-
	(Increase)/Decrease in Debtors	(1 331 316)	6 615 326
	Decrease/(Increase) in Long Term Debtors	25 009	938 568
	Increase/(Decrease) in Creditors	1 009 842	464 653
	Increase/(Decrease) in consumer Deposits	109 931	(32 463)
		(186 535)	7 986 084
20	**INCREASE/(DECREASE) IN LONG-TERM LOANS (EXTERNAL)**		
	Loans Raised	-	-
	Loans Repaid	(289 735)	(519 122)
		(289 735)	(519 122)
21	**(INCREASE)/DECREASE IN EXTERNAL CASH INVESTMENTS**		
	Investments Made	18 511 588	33 049 613
	Investments Realised	20 546 819	29 890 431
		2 035 231	(3 159 182)
22	**(INCREASE)/DECREASE IN CASH ON HAND**		
	Cash beginning of the year	(776 544)	125 592
	Cash and Cash equivalents at end of the year	(845 273)	(776 544)
		68 729	902 136

		2008	2007

(Notes continued)

23 **RETIREMENT BENEFITS**

Employees and Councillors belong to the following retirement Funds:

(I) Natal Joint Municipal Pension Fund (retirement)
(ii) Natal Joint Municipal Pension Fund (superannuation)
(iii) Natal Joint Municipal Pension Fund (provident)
(iv) Municipal Gratuity Fund
(v) Municipal Employees Pension Fund
(vi) Government Employees Pension Fund
(vii) Municipal Councillors Pension Fund

The retirement plan is subject to the Pension Fund Act 1956 with pensions being calculated on the final pensionable remuneration paid. Current contributions are charged against operating income on the basis of current service costs.

Full actuarial valuation are performed at least every three years. The latest independent valuation of the funds, which indicated that the funds were in a sound financial position, was undertaken on 31 March 2007.

24 **CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS**

None	-	-
	-	-

25 **CAPITAL COMMITMENTS**

Commitments in respect of capital expenditure		
Approved and contracted for	-	-
Approved but not yet contracted for	-	-
	-	-
This expenditure will be financed from		
Internal sources	-	-
External sources	-	-
Provisional Grant	-	-
	-	-

26 **CONSOLIDATED CAPITAL DEVELOPMENT FUND**

Outstanding advances to borrowing services			
Accumulated fund		9 812 527	8 372 951
Less:	External Investments	-	-
	Internal Loans	2 868 281	2 955 367
	Temporary borrowings	213 907	4 809 364
(Refer to Appendices A and B for more detail)		6 730 339	608 220

			2008	2007
	(Notes continued)			
27	**PUBLIC IMPROVEMENT FUND**			
	Outstanding advances to borrowing services			
	Accumulated fund		17 025 969	18 509 582
	Less:	Improvements	10 274 038	10 274 037
		Temporary Borrowings	-	5 825 904
	(Refer appendices B for more detail)		6 751 931	2 409 641
			-	
28	**HOUSING OPERATING ACCOUNT**			
	Outstanding advances to borrowing services			
	Accumulated fund		(24 560)	(24 560)
	Represented by :			
		Housing debtors	-	-
		Fixed assets	-	-
		Temporary Borrowings	(3 262 979)	(3 024 512)
			(3 287 539)	(3 049 072)
29 (i)	**SALARIES, ALLOWANCES AND BENEFITS OF MANAGEMENT**			
	Salaries			
	Municipal Manager		509 873	447 324
	Chief Financial Officer		106 698	99 254
	Director: Corporate Services		379 397	325 951
	Director: Community Services		323 194	300 646
			1 319 163	1 173 175
	Contribution to pension: Employees		772 076	718 210
	Contribution to pension: Councillors		33 844	31 483
	Contribution to medical aid: Employees		408 387	379 895
	Contribution to medical aid: Councillors		14 281	13 285
			1 228 588	1 142 873
29 (ii)	**COUNCILLOR CONSUMER ARREARS**			
			0	

Disclosure as required by Section 124 (1)(b) of the MFMA, Act 56 of 2003.

30 **BANK ACCOUNTS**

Bank	Type of account	Account no	2 008	2 007
FNB	Absa Investm 9057789072	62027890228	16 378	5 484
FNB	Call Acc 62027890228	62032137938	92 233	528 567
ABSA	Map Investm- 6203137938	9057789072	578 444	15 492
FNB	Mig Investm -62136676460	62120740932	0	65 822
FNB	Money Market-	62121155031	97 376	102 394
FNB	FMG Investment 62136676551	62129241486	554 374	2 767 135
FNB	Investment 52120740932	62136676460	0	0
FNB	Money market call	62136676551	1 392 837	836 546
FNB	Mig Investment 62136676460	62136676460	631 811.95	506 212
	Bank account chq account		22 247	
			3 385 700	4 827 653

31 **Guarantees:- ABSA**

1st Commercial Mortgage Bond for R30 miilion over REM of erf 61 Pongola, Kwazulu Natal:-
Guarantees: R11000.00
Commercial Bond R2 724 000.00 (See Long term loans)
Eskom Guarantee: R10 200.00

uPHONGOLO MUNICIPALITY

STATUTORY, RESERVE AND TRUST FUNDS, AND PROVISIONS

	Balance 01-Jul-07	Interest Income	transfers	Expenditure for 2007/2008	Balance 30-06-08
STATUTORY FUNDS					
Capital Development Fund	8 372 951	143 716	1 295 859	-	9 812 527
- Rate & General Services	8 372 951	143 716	1 295 859		9 812 527
- Water & Sewerage	-				-
- Electricity	-				-
Public Improvement Fund	8 235 545		-1 295 859		6 939 686
Borrowings			-187 755		-187 755
	16 608 496	143 716	-187 755	-	16 564 458
TRUST FUNDS					
Ncotshane Peoples Housing Project	-3 049 072			213 906.56	-3 262 979
Traditional Affairs: Office furniture	-				-
Agricultural Cluster LED	-				-
	-3 049 072	-	-	213 906.56	-3 262 979
RESERVES					
General					
Ncotshane Community Hall	-				-
Bus Route	-				-
NLK Entrance Road	-				-
Ncotshane Collector Sewer	-				-
Uniforms for staff	-2 031	-		-12 443.05	10 412
Insurance Reserve	200 114	-		-	200 114
	198 083	-		-12 443.05	210 525
Grants conditional					
Water Meters	-				-
Peace Initiative	-				-
Land Use Management Plan	225 508		-	225 508.00	-
Disaster Management Grant	-				-
GIS Grant	-				-
Performance Management Grant	19 536	-		-8 252.56	27 788
IDP Capacity Grant	16 858				**16 858**
Ncotshane New Library	-				-
MAP	1 762 299	500 000	-46 836	1 777 032.66	**438 430**
Financial Management Grant	500 000	500 000		718 386.06	**281 613.94**
Financial Management Grant ZDM	8 170	-		-	**8 170**
MFMA	145 000		-	5 004.39	**139 996**
Develop Admin. Capacity	255 640	-	-	149 773.93	**105 866**
Property Rates Implementation	14 923		-	14 923.00	-
Inter Departmental Monitoring	61 167			61 167.10	-
Pongolapoortdam Development	80 862	777 852	-	405 504.83	453 209
DBSA Planning Grant	-				-
Housing SP Community Gardens	103 242			1 481.60	**101 761**
Planning & Development	88 611				88 611
Municipal Financial Systems	184 868			184 868.05	-
Municipal Systems Improvement Grant					
Municipal Infrastructure Grant	1 476 857	8 124 094	-1 018 209	7 272 923.95	1 309 817.69
Mig Surety					
Municipal Systems Improvement Grant	-3 564	-		-28 353.54	24 789
Valuation Roll Grant	265 000	-	-	-985 804.10	1 250 804
Integration and Reds Grant	150 000			52 000.00	98 000
Candover tourism grant	-	800 000		1 644.74	798 355
Mig vat reserves		-	1 018 209	-	1 018 209
Other vat reserves	-	-	46 836	-	46 836
Synergistic Partnership	-	500 000		107 356.50	392 644
MBCD		100 000			100 000
Backlog Study		148 841		58 771.65	90 070
Strategic Support	-	100 000			100 000
	5 354 976	11 550 787	0	10 013 936.26	6 891 828
PROVISIONS					
Leave Pay	635 558	-		-60 057.20	695 615
	635 558	-	-	-60 057.20	695 615
	19 748 041	11 694 504	-187 755	10 155 342.57	21 099 447

uPHONGOLO MUNICIPALITY

EXTERNAL LOANS AND INTERNAL ADVANCES

		Loan Amount	Interest Rate	Term Years	Final Date	Balance 01-Jul-07	Received During the Year	Redeemed or Written-off during the year	Balance 30-Jun-08
EXTERNAL LOANS						**R**	**R**	**R**	**R**
DBSA	Water	15 200	10.88%	30	31-Dec-08	-			-
DBSA	Water	609 500	13.45%	30	01-Dec-12	-			-
DBSA	Electricity	150 000	13.45%	25	31-Dec-08	27 649		17 824	9 825
DBSA	Electricity	170 000	17.18%	25	31-Dec-11	90 401		14 697	75 704
DBSA	Water	49 655	14.63%	25	30-Jun-12	-			-
DBSA	Water	352 000	15.70%	25	30-Jun-13	-			-
DBSA	Electricity	39 745	17.18%	25	30-Jun-12	109	-	109	-
DBSA	Mun. Offices	900 000	15.80%	20	30-Jun-13	565 070		62 073	502 997
DBSA	Water	2 130 000	14.35%	20	31-Dec-14	-			-
DBSA	Mun. Offices	600 000	13.08%	15	30-Jun-09	157 790		73 866	83 924
Nedbank	Roads	139 200	10.50%	3	01-Aug-07	9 954		9 954	0
Nedbank	Corporate	139 200	10.50%	3	01-Aug-07	9 954		9 954	0
Nedbank	Planning	139 200	10.50%	3	01-Aug-07	9 954		9 954	0
Nedbank	Roads	139 200	10.50%	3	01-Aug-07	9 954		9 954	0
ABSA	Mun. Offices	3 000 000	9.50%	10	01-Aug-15	2 697 301		(7 277)	2 704 578
						3 578 136	**-**	**201 108**	**3 377 028**
INTERNAL ADVANCES TO BORROWING SERVICES									
Internal Loans									
Capital Development fund	Sewerage Network	910 896	10.00%	10	30-Jun-10	-			-
Capital Development fund	Municipal Buildings	300 000	10.00%	10	30-Jun-10	121 417		36 682	84 735
Capital Development fund	Sport & Recreation	134 814	10.00%	10	30-Jun-10	54 562		16 484	38 078
Capital Development fund	Official House erf 97	237 430	10.00%	10	30-Jun-11	122 485		26 392	96 093
Capital Development fund	Sport & Recreation	67 720	10.00%	10	30-Jun-11	34 936		7 528	27 408
Capital Development fund	Municipal Offices	1 191 507	10.00%	10	30-Jun-15	1 103 764		1 076 356	1 103 764
Capital Development fund	Various-General	2 047 046	10.00%	10	30-Jun-17	1 518 203		-	1 518 203
Capital Development fund	Various-Electricity	79 377	10.00%	10	30-Jun-17	-		-	-
						2 955 367	**-**	**1 163 442**	**2 868 281**
						6 533 504	**-**	**1 364 550**	**6 245 310**

uPHONGOLO MUNICIPALITY

ANALYSIS OF FIXED ASSETS

EXPENDITURE 2007	SERVICE	BUDGET 2008	BALANCE AT 30 JUNE 2007	EXPENDITURE 2008	REDEEMED, TRANSFERRED OR WRITTEN-OFF	BALANCE JUNE 2008
R		R	R	R	R	R
7 680 402	RATES AND GENERAL SERVICES	6 367 698	41 842 476	7 367 203	-	49 209 679
7 527 495	Community Services	6 209 698	35 398 350	7 367 203	-	42 765 553
-	Cemetery	-	-			-
	Belgrade	-	-	2 018		2 018
-	Civil Defence	-	55 720			55 720
-	Stores		1 708			1 708
-	Community Hall		-			-
25 968	Parks & Grounds	-	169 627			169 627
189 942	Council General	-	362 790			362 790
-	Municipal Manager	-	202 003			202 003
6 529 988	Roads	-	16 617 517	7 272 924		23 890 441
62 802	Town Treasurer	16 698	550 806	80 044.27		630 850
	Corporate	-		-		
27 423	Municipal Land	-	114 309			114 309
-	Airport	-	340 286			340 286
4 087	Traffic	-	409 364			409 364
502 270	Workshop	-	510 815			510 815
	Caravan Park	-	308 039			308 039
-	Municipal Buildings	-	3 467 666			3 467 666
185 015	Municipal Offices	8 000	11 926 937	-		11 926 937
	Pound	135 000				
	Belgrade MPCC	6 050 000				
	Project Management			12 218		12 218
	Planning & development			-		-
-	Technical Officer	-	360 763			360 763
124 077	Subsidised Services	-	3 435 882	-	-	3 435 882
8 149	Library	-	2 146 569			2 146 569
-	Health	-	2 575			2 575
-	Tourism	-	-	-		-
115 928	Sport & Recreation	-	1 286 738			1 286 738
28 830	Economic Services	158 000	3 008 244	-	-	3 008 244
	Licensing	-	152 050			152 050
28 830	Testing Grounds	150 000	1 656 277			1 656 277
	Sewerage		-			-
	Refuse	8 000	1 199 917			1 199 917
133 641	TRADING SERVICE	-	2 906 451	-	-	2 906 451
90 450	Electricity	-	1 591 072			1 591 072
43 191	Water		1 315 379			1 315 379
1 893 948	PUBLIC IMPROVEMENT FUND		10 274 038	*		10 274 038
9 707 991	TOTAL FIXED ASSETS	6 367 698	55 022 964	7 367 203	-	62 390 168
			-			
			-			
	LOANS REDEEMED AND OTHER CAPITAL RECEIPTS		40 224 598	7 550 805	-	47 775 403
	Loans redeemed		3 918 949	183 603		4 102 552
	Contribution from operating income	6 367 698	10 138 664	14 235	-	10 152 899
	Fund Contribution		8 252 674	-	-	8 252 674
	Grants and Subsidies	3 025 544	17 914 311	7 352 967		25 267 278
	NET FIXED ASSETS		14 798 368	-183 602	-	14 614 766

uPHONGOLO MUNICIPALITY

ANALYSIS OF OPERATING INCOME AND EXPENDITURE FOR THE PERIOD JULY 2007 TO JUNE 2008

2007 ACTUAL R		2008 ACTUAL R	2008 Budget R	2008 Surplus/(deficit) R
	INCOME			
20 711 132	**Grants and Subsidies**	**20 937 863**	**28 894 244**	**-7 956 381**
20 555 236	National Government	20 695 926	20 317 244	378 682
155 896	Provincial Government	21 906	8 397 000	-8 375 094
-	District Municipality	220 031	180 000	40 031
17 577 200	**Operating Income**	18 226 850	19 871 784	-1 644 934
4 244 861	Assessment rates	3 363 602	4 080 830	-717 227
-	Water Sales	-	-	-
6 258 409	Electricity Sales	6 931 032	5 408 132	1 522 900
	Refuse Removal	3 418 059	6 531 309	-3 113 249
7 073 930	Other Income	4 514 156	3 851 514	662 642
378 018	Interest Earned	3 473 740	1 365 795	2 107 945
38 666 350	**Total Income**	**42 638 453**	**50 131 823**	**-7 493 370**
	EXPENDITURE			
11 791 854	Salaries, Wages and Allowances	13 198 684	12 901 247	-297 436
1 793 111	Councillor Remuneration	2 981 903	1 775 982	-1 205 921
14 674 910	General Expenditure	16 789 173	19 254 799	2 465 626
	Water Purchases	-	4 421 000	4 421 000
4 356 157	Electricity Purchases	4 542 993	2 591 262	-1 951 732
1 517 141	Repairs and Maintenance	2 309 239	454 377	-1 854 862
1 774 175	Capital Charges	1 102 471	2 265 458	1 162 987
167 931	Contributions To Funds	4 432 967	6 467 698	2 034 731
105 529	Contributions to Capital Outlay	14 235	-	-14 235
36 180 808	**Gross Expenditure**	**45 371 664**	**50 131 823**	**4 760 159**
3 916 526	Less: Amounts Charges out	-		
32 264 282	**Net Expenditure**	**45 371 664**	**50 131 823**	**4 760 159**
	Nett Deficit	**-2 733 211**	**0**	**-2 733 211**

uPHONGOLO MUNICIPALITY

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 June 2008

2007 ACTUAL INCOME R	2007 ACTUAL EXPENDITURE R	2007 SURPLUS/ (DEFICIT) R		2008 ACTUAL INCOME R YTD	2008 ACTUAL EXPENDITURE R YTD	2 008.00 SURPLUS/ (DEFICIT) R YTD	2008 BUDGET SURPLUS/ (DEFICIT) R YTD
			RATES AND				
32 349 908	26 182 428	6 167 480	**GENERAL SERVICES**	34 415 666	38 211 945	-3 796 279.32	582 050
27 204 969	18 895 836	8 309 133	**Community Services**	24 829 223	28 627 586	-3 798 362.86	720 488
			Assessment Rates	6 676 206	2 610 467	4 065 739.22	4 592 034
189 066	1 002 724	(813 658)	Belgrade	120 362	1 359 718	-1 239 356.62	(1 101 584)
32 249	2 193	30 056	Caravan Park	23 574	-	23 574.20	2 019
40 476	881 075	(840 599)	Cemetery	96 259	718 079	-621 820.38	(523 711)
739	1 598 690	(1 597 951)	Corporate Service	-	2 086 383	-2 086 382.53	(1 951 877)
	4 513 996	(4 513 996)	Council General Expenses	3 168 414	6 470 880	-3 302 466.40	(2 258 845)
	901 481	(901 481)	Housing	-	39 866	-39 866.04	(130 668)
	(390 905)	390 905	Human Resources	-	342 940	-342 939.88	(307 768)
80 780	1 402 684	(1 321 904)	Municipal Buildings	(941 575)	1 663 236	-2 604 810.89	(580 440)
520 978	54 889	466 089	Municipal Land	775 904	227 984	547 919.36	(327 896)
	691 871	(691 871)	Municipal Manager	-	663 682	-663 682.33	(616 224)
	88 684	(88 684)	Municipal Offices	-	858 718	-858 717.89	(595 162)
	630 159	(630 159)	Parks & Gardens	-	1 001 075	-1 001 074.91	(854 427)
	835 950	(835 950)	Planning & Development	38 272	904 114	-865 841.80	(1 359 835)
			Pound	-	24 203	-24 202.89	(297 264)
			Pongolapoort Dam	-	-	-	30 744
			Project Management	753 793	1 043 998	-290 205.63	255 190
	1 767 713	(1 767 713)	Roads & Stormwater	-	3 272 197	-3 272 196.66	(2 899 920)
116 026	1 105 532	(989 506)	Technical Officer	7 750	1 131 917	-1 124 167.03	(1 012 804)
26 224 655	3 653 409	22 571 246	Town Treasurer	14 110 265	3 613 476	10 496 789.73	11 218 014
	155 691	(155 691)	Workshop	-	594 653	-594 653.49	(559 087)
2 035 825	4 610 931	(2 575 106)	**Subsidised Services**	2 698 786	5 856 612	-3 157 826.08	(3 638 375)
	7 754	(7 754)	Aerodrome	-	15 428	-15 428.16	(128 257)
			Belgrade MPCC	-	-	-	225 000
			Fire Brigade/				
	218 469	(218 469)	Disaster Management	-	480 954	-480 954.49	(713 080)
	1 400	(1 400)	Health	-	-	-	-
	938 179	(938 179)	Library	810	756 563	-755 753.28	(763 648)
25 529	289 072	(263 543)	Sport & Recreation	31 936	310 667	-278 730.84	(342 399)
1 620 181	1 229 153	391 028	Testing Grounds	2 050 609	1 340 311	710 298.02	296 734
-	255 610	(255 610)	Tourism	220 031	190 121	29 910.36	(65 827)
390 115	1 671 294	(1 281 179)	Traffic	395 400	2 762 568	-2 367 167.69	(2 146 898)
3 109 114	2 675 661	433 453	**Economic Services**	6 887 657	3 727 747	3 159 909.62	3 499 937
3 109 114	2 675 661	433 453	Refuse	6 887 657	3 724 779	3 162 878.02	3 572 085
		-	Sewerage	-	2 968	-2 968.40	(72 148)
6 316 442	6 081 854	234 588	**TRADING SERVICES**	8 205 804	7 142 736	1 063 068.65	(582 050)
6 316 442	6 081 854	234 588	Electricity	8 205 804	7 022 936	1 182 868.25	(345 075)
		-	Water	-	119 800	-119 799.60	(236 975)
38 666 350	32 264 282	6 402 068	**TOTAL**	42 621 470	45 354 681	-2 733 210.67	0
		(8 419 483)	Appropriations for the year			90 222.84	
		(2 017 415)	Net deficit for the year			-2 642 987.83	
		5 901 979	Accumulated surplus beginning of the year			3 884 562.60	
		3 884 564	Accumulated surplus end of the year			1 241 574.77	

uPhongolo Municipality

APPENDIX: F

Financial year ending 30 June 2008

GENERAL STATISTICS

Population (Approx)	535 000.00

Valuation roll	**Land**	**Improvements**
	43 487 600.00	180 045 500.00
Land assessment rate/improvements	0.153879	0.005302
Number of properties	3 568	

Electricity statistics		
Units purchased (MWh)	23 576 051.72	
Units sold (Total) MWh	21 945 622.00	
Units lost in distribution MWh	1 630 429.72	
% Loss in distribution MWh	6.92	
Expenses	R 6 030 301.65	
Unit Costs	R 0.315	

Refuse	
Businesses	210
Residential	2976

Road information		
Belgrade	144.00	km
Ncotshane	120.00	km
Pongola	33.00	km
Magudu	17.00	km
Gollela	11.00	km
Rural	Unnumbered	

Building plans approved	78

Registration number:	KZN 262 (uPhongolo)
District municipality:	ZDM 26 (Ulundi)
Number of employees:	290